

Message Text

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PAGE 01 COLOMB 02522 131159Z

43

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 L-03 H-02 CIAE-00 INR-07

NSAE-00 AGR-05 COME-00 OMB-01 TRSE-00 OPIC-03 AID-05

SIL-01 LAB-04 FTC-01 JUSE-00 DODE-00 PA-01 USIA-06

PRS-01 SP-02 /072 W

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R 131145Z AUG 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 3214

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE COLOMBO 2522

EO 11652: N/A

TAGS: PINT, ECON, EINV, CE

SUBJ: IMPENDING NATIONALIZATION OF PLANTATIONS

REF: COLOMBO 2267

1. NATIONALIZATION OF PLANTATIONS IS CAUSING OPEN
WARFARE BETWEEN UNITED FRONT (UF) COALITION
PARTNERS SRI LANKA FREEDOM PARTY (SLFP) AND TROTSKYITE
LANKA SAMA SAMAJ PARTY (LSSP). DRAFT LEGISLATION
TO ACCOMPLISH TAKEOVER, PREPARED UNDER GUIDANCE OF
SLFP JUSTICE MINISTER FELIX DIAS BANDARANAIKE,
INCLUDES SEVERAL PROVISIONS WHICH LSSP FINDS
REPUGNANT. IN ADDITION TO VESTING PLANTATIONS IN
MINISTRY OF LANDS AND AGRICULTURE RATHER THAN
MINISTRY OF PLANTATION INDUSTRY (PARA 6,
REFTEL), LAW WOULD EMPOWER GOVERNMENT TO VEST
LIABILITIES AS WELL AS ASSETS. FUNCTIONS OF
MANAGEMENT, OFTEN CARRIED OUT BY SEPARATE
AGENCY HOUSES, AS OPPOSED TO LAND OWNERSHIP, WOULD
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PAGE 02 COLOMB 02522 131159Z

NOT BE VESTED AUTOMATICALLY. SOREST POINT IS THAT LAW WOULD

ESTABLISH BOARD TO MANAGE VESTED ESTATES WHICH
WOULD CONSIST OF AGENCY HOUSE HEADS AND
GOVERNMENT OFFICIALS.

2. LSSP COUNTERATTACK OCCURRED AUG 12 DURING
COMMEMORATIVE MEETING OF 1953 HARTAL (GENERAL STRIKE).
ACCORDING TO AUG 13 PRESS, LSSP FINANCE MINISTER N.M.
PERERA THREATENED THAT LSSP WOULD LEAVE UF
GOVERNMENT IF NATIONALIZATION OF ESTATES WAS
"NOT GOING TO BE DONE IN SATISFACTORY WAY BYZ
PLANTATIONS MINISTER COLVIN DE SILVA AT SAME
MEETING SAID LSSP WOULD NOT SUPPORT NATIONALI-
ZATION WHICH WOULD ALLOW AGENCY HOUSES TO
MANAGE
ESTATES AFTER THEY ARE TAKEN OVER.

3. RUMORS ARE NOW CIRCULATING THAT PRIME
MINISTER IS CONSIDERING CABINET CHANGES IN ANSWER TO
LSSP THREATS. OTHER RUMORS ARE THAT PERERA HAS
BACKED OFF SAYING LSSP DOESN'T CARE WHO GETS
CONTROL OF ESTATES AS LONG AS AGENCY HOUSES ARE
NOT ALLOWED MANAGEMENT ROLE. WE HAVE NO
CORROBORATION FOR THESE RUMORS AND SUSPECT EXTREME
POSITIONS MAY BE MERELY PART OF BARGAINING PROCESS.
VAN HOLLEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, AGRICULTURE
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975COLOMB02522
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750279-0751
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750854/aaaabuzy.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 COLOMBO 2267
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2003 by BoyleJA>; APPROVED <12 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPENDING NATIONALIZATION OF PLANTATIONS
TAGS: PINT, ECON, EINV, CE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006